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TO RUEHC/SECSTATE WASHDC IMMEDIATE 6246
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TAGS: PREL PARM KNNP MNUC ETTC CH IR IT
SUBJECT: NIAG 6136: ITALIANS PLEDGE FURTHER COOPERATION IN
STOPPING SHIPMENT TO IRANIAN NUCLEAR PROGRAM

REF: A. STATE 170192
B. BEIJING 21331

Classified By: Ecmin Thomas L. Delare for reasons 1.4 (b) and (d)

¶1. (S/NF) Summary: Ecmin delivered Ref A talking points October 13 to Giulio Terzi, MFA Director General for Multilateral Political Affairs and Human Rights. Terzi pledged continued GOI support for our efforts to halt exports related to Iranian development of WMD, and said he would ask the Ministry of Foreign Trade to contact DeLonghi, Climaveneta's parent company, to inform them of the possible sanctions repercussions of going forward with the export of chillers to Iran. Ecmin was accompanied on his call by Rebecca Fabrizi from the British Embassy in Rome. End summary.

¶2. (S/NF) Ecmin began by noting the urgency of this case due to the possible payment for the chillers this week and their shipment to Iran as early as the week of October 16. Expressing hope this shipment can be stopped, Ecmin noted that if the shipment goes forward, DeLonghi and its subsidiaries, including Climaveneta and Climaveneta Chatunion Refrigeration Shanghai, could be subject to sanctions under the Iran and Syria Nonproliferation Act (ISLA) and Executive Order 12938. (Note: Climaveneta Chatunion Refrigeration Shanghai is a joint venture between DeLonghi -- through its subsidiary, Climaveneta -- and Chinese interests. End note.)

¶3. (S/NF) In response, Terzi flagged the positive and "intense" relationship between the United States and Italy at all levels of government. He stated that cooperation in nonproliferation issues is a critical aspect of the bilateral relationship and that the GOI is "fully committed" to cooperating with the USG on nonproliferation issues. He stated that Italy is trying to "generate influence in the Iranian decision making process" through trade ties with Iran and a political dialogue "at all levels." Nevertheless, Terzi said, Italy is committed to impeding development of Iran's military nuclear program, and supports a resolution at the UN Security Council to sanction Iran's defiance of the international community by continuing to enrich nuclear material.

¶4. (S/NF) Terzi detailed GOI efforts to stop the export of chillers to Iran, including the denial of an export license in July 2006 and circulation of a "Notice of Denial" among Nuclear Suppliers Group (NSG) members, including China, in September. He said that he was not aware of the possible sanctions against Climaveneta Chatunion Refrigeration Shanghai, Climaveneta, and DeLonghi, and observed that to a businessman, being excluded from the U.S. market was a compelling reason to stop the export.

¶5. (S/NF) In addition to Ref A talking points, Ecmi passed to Terzi a copy of a fax Embassy Rome received from Climaveneta on September 13. Climaveneta contacted the Embassy after the GOI denied a license for the export to Iran of chillers manufactured in Italy. Climaveneta explained they were told the export license application was denied based on information received from the USG. In its fax, the company provided details of the proposed transaction and stated that "we ensure our full support to the U.S.

authorities in anything which may be of help, in the meantime we will not deliver any of such units, even if this is creating to us a considerable loss." Terzi was taken aback that Climaveneta was still pursuing the sale after the GOI's denial of Climaveneta's export license application in July, and said he would ask the Ministry of Foreign Trade to follow-up with the company immediately.

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